

1. To aid in determining those sensitive factors of the U. S. economy whose behaviour pattern may give indications or warning as to the future trend of economic events, there are attached the following charts:

Chart I presents the goods and services received per capita by various segments of the economy and the manner in which they are expended.

*The Gross National Product is the market value of the output of all goods and services produced by the nation's economy during a year.

*Personal Consumption Expenditures is the market value of goods and services consumed by individuals, e.g., food, clothing, shelter (excluding the purchase of new dwellings which are classified as capital goods).

*Government Purchase of Goods and Services is that portion of the Gross National Product which is expended by the Government for compensation of employees (purchases from business, international contributions) and the gross investment in Government interests, subsidies, loans, or other financial transfers outside the scope of income and product transactions.

*Gross Private Domestic Investment consists of new capital goods produced by private business and the change in the volume of inventories held by private business.

*Net Foreign Investment is the net change in international assets and liabilities.

Chart II presents the same factors using constant 1939 dollars instead of the current dollars.

Chart III is a consideration of the above factors on a per cent basis.

Chart IV presents a percentage distribution of the GNP in terms of type of receipt.

*Disposable Personal Income is the income remaining to persons after deductions of personal tax (and non-tax payments).

*Gross Business Savings consists of undistributed profits, inventory valuation, adjustments, capital consumption, allowances, and net wage accruals.

*Net Government Receipts.

Chart V presents the GNP in terms of constant dollars using 1939 as a basis.

Chart VI - Disposition of Personal Income (Portions to taxes and savings.

Chart VII - Corporation Income. (Income, Taxes, Undistributed Profits and Dividends.)

Chart VIII - Gross Private Domestic Investment to Government Purchase of Goods and Services to Personal Consumption Expenditures. This chart indicates the growth of government expenditures in relation to the amounts spent by private individuals and business.

Chart IX records the Indices of Industrial and Agricultural Production. It indicates the growth of industrial and agricultural products and shows the relationship between industrial and agricultural production.

Chart X presents U. S. Labor Force Statistics.

- a. Total Labor Force.
- b. Total Armed Forces.
- c. Total Civilian Force.
- d. Total employed Civilian force.
- e. Government Employed (Federal, State, and Local).
- f. Total Unemployed.

2. Based on a study of these charts, the following factors are suggested as being crucial and are presented in chart II:

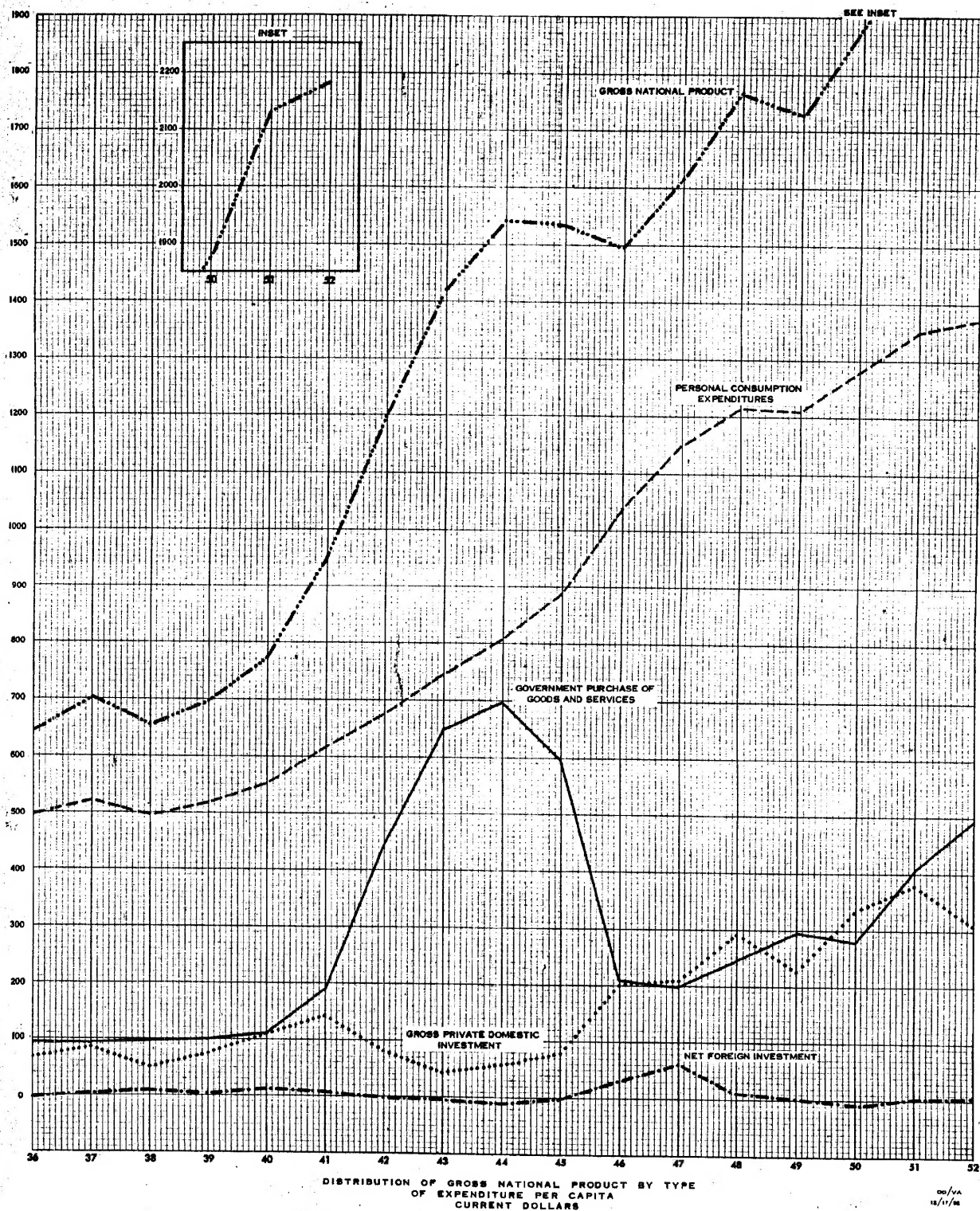
- a. The value of money.
- b. The tax burden as a reflection of the assumption by government of projects which either would not have been carried out or would have been done privately.
- c. Private domestic investment as an indication of the ebb and flow of private capital in relation to government spending.

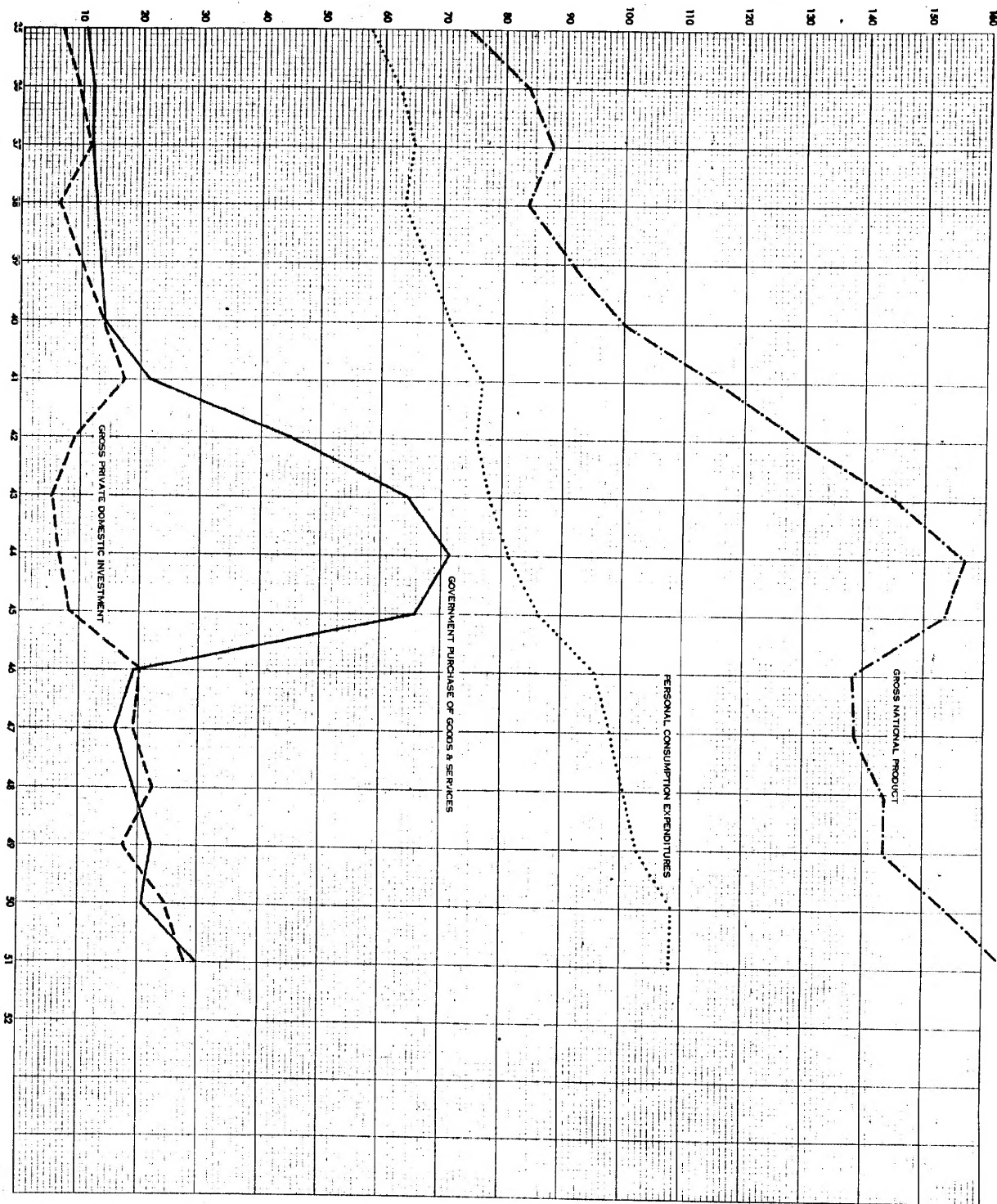
3. These factors are premised on the following assumptions:

- a. The strength of the United States economy rests fundamentally on the free private enterprise system.

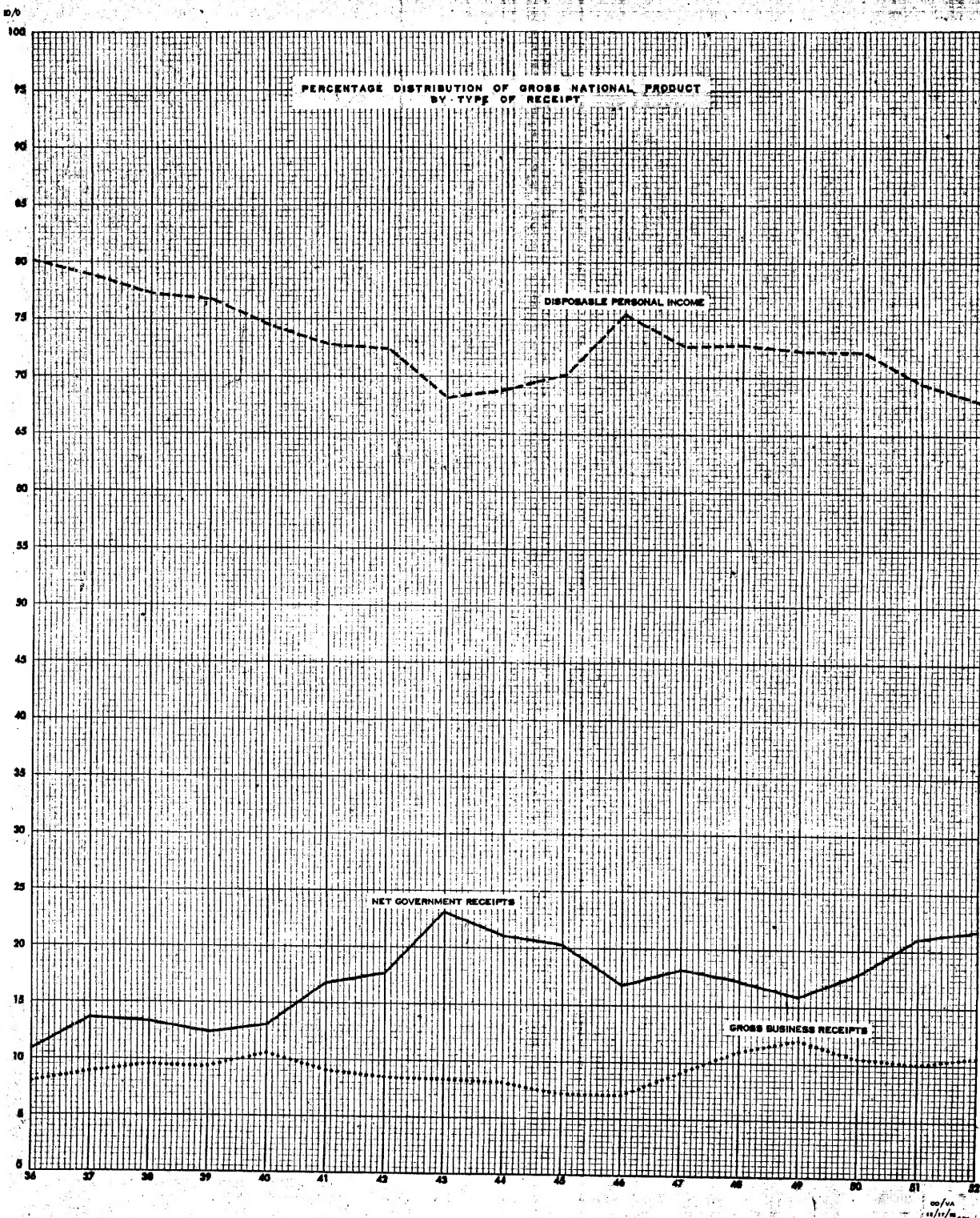
b. Any major recession from this principle may constitute a weakening of the economic fabric of the U. S.

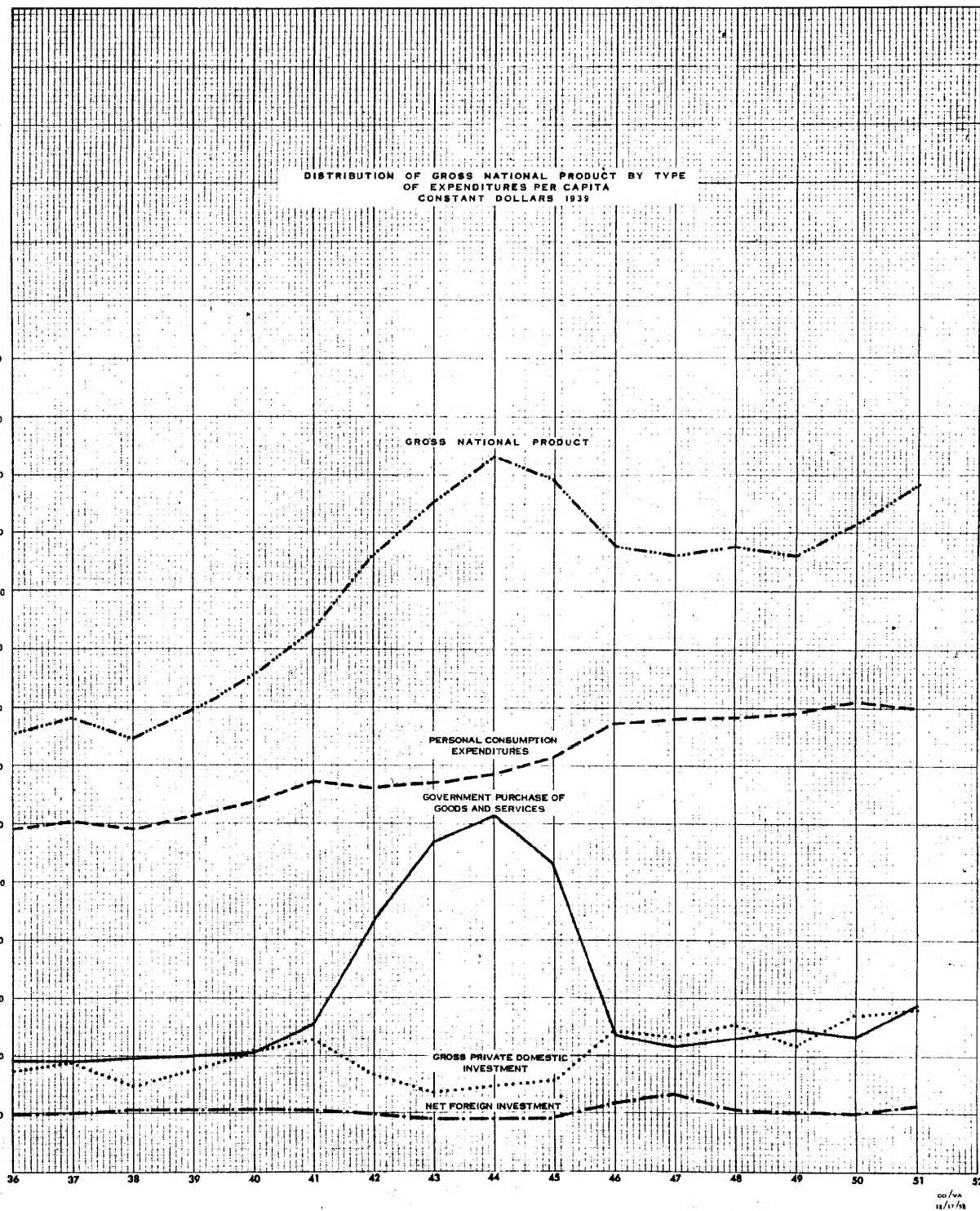
c. The successful working of a free enterprise economy rests on confidence by the people in the profitable productivity of the country and in the value of its money.











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